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MINISTRY OF COMMERCE AND INDUSTRY RESOLUTION

REPORT OF THE COMMITTEE ON TEA AUCTIONS

New Delhi, the 28th July 1955

S.R.O. 1649.—In October 1954, the Government of India appointed a Committee to examine the present system of tea auctions and to recommend the steps to be taken for the progressive increase in the quantity of tea auctioned in India. The Committee having conducted an enquiry has submitted its Report.

2. Tea is sold for export in three ways: one, direct sales including forward contracts; two, sales in auctions held in Calcutta or Cochin; and three, consignments for sale in foreign auctions, mainly London. The Committee has found that the quantity of tea sold by the first method has remained remarkably steady during the last few years. In South India, the quantity of tea consigned to London for auction has also remained steady; but not so in North India. The Committee has recommended that in order to encourage the sale of tea in Indian auctions, there should be a phased reduction in the quantity of tea consigned for the London auctions. The Committee has recommended that this quantity should not exceed 30% of the crop in the current year and 25% of the crop in 1956-57. The position should be reviewed thereafter to see whether the quantity could be further reduced to 20%.

. The Committee has recommended that in order to deal with the sale of increasing quantity of tea in Indian auctions, additional warehouses should be constructed in Calcutta with provision for rehumidification of air.

The Committee has recommended that the determination of actual quantities which individual producers or customers may consign to London for auction, may be left to be decided by voluntary arrangement by the producers' associations. They should also ensure that not more than half the quantity consigned to foreign auctions should consist of quality grades.

3. The Government of India agree generally with the main recommendation of the Committee that there should be a progressive reduction in the quantity of tea consigned to foreign auctions. While they consider that for this purpose a ceiling should be fixed every year, they do not think it necessary or desirable to fix the ceiling in terms of the percentage of the total crop. Having regard to the size of the current crop, the steady internal demand and the trend of trade, they consider that during the year, the quantity of tea which may be consigned from North India to London auctions should be limited to 140 million lbs. as against the actual consignments of 209 million lbs. in 1953 and 167 million lbs. in 1954. In the case of South India, they do not consider it necessary to fix a specific ceiling during the current year because they are satisfied that actual consignments are unlikely

to exceed the previous level of 23 million lbs.—a quantity well below 25% of the South Indian crop. The situation will, however, be watched and should different trends appear, steps will be taken to prescribe a ceiling.

The Government of India agree with the Committee that the prescribed limit on consignments for auctions should be enforced by voluntary action if practicable. The main producers' Associations of North India have expressed their willingness to set up a joint committee which would regulate consignments by their members and ensure that the prescribed ceiling is not exceeded. They hope that all associations concerned will voluntarily participate in this arrangement. Should, however, any association decide for some reason to keep out, the members thereof need not be subjected to any restriction. The principal producers' associations have given the assurance that even so they would take note of the quantities actually consigned by non-members and in the light of this information regulate consignments by their own members in such a way that the ceiling would not be exceeded. In view of this assurance, the Government of India accept this arrangement for the current year.

The Government of India accept the recommendation of the Committee that warehousing facilities in Calcutta should immediately be enlarged and request the Tea Board to take steps for this purpose.

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